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C O N F I D E N T I A L SECTION 01 OF 03 PRAGUE 000046

SIPDIS

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E.O. 12958: DECL: 01/08/2015

TAGS: PREL EINV EZ CH BM IN PK AF VM CB

SUBJECT: CZECHS IN ASIA: CONTINUED FOCUS ON CHINA, BUT
INCREASING ENGAGEMENT PLANNED IN INDIA, VIETNAM

REF: A. 05 PRAGUE 1023

1B. 05 PRAGUE 1664

Classified By: Pol/Econ Chief Michael Dodman for reasons 1.4 b+d.

11. (C) Summary. The Czech Republic plans active engagement with East and South Asia in the first half of 2006, with most attention focused on China. During a visit to Prague in December, the Chinese PM closed an investment agreement that, according to critics, noticeably favors Chinese interests over Czech (and may violate EU rules). Several visits to China are being planned for the coming months, with the focus squarely on commercial issues; the Speaker of Parliament has floated the idea of a visit to Tibet as a means of drawing attention to human rights, but the proposal is likely to fail. PM Paroubek will visit India this month, on the heels of a visit by President Klaus; among the business deals the GOCR hopes to discuss is possible Indian purchase of a VERA radar system, which would be a counterweight to the system Pakistan is planning to acquire. Several leading Czech officials plan to visit Vietnam this year, and a visit to Prague by the Vietnamese PM is possible in the spring. President Karzai intends to visit Prague this year, as the Czechs contemplate increasing their engagement in Afghanistan. The Czech MFA continues to work with the North Koreans to define their relationship, and the Czechs will be pursuing the question of conditions for North Korean workers in the CR. Despite this flurry of activity, the Czech MFA admits it does not have a coherent Asia strategy, and hopes to coordinate this with the USG. End summary.

12. (C) Pol/Econ Counselor (serving as Charge) and Poloff met Jan 5 with Jan Fury, Czech MFA Director of Asia/Pacific Department, to review the December visit to Prague of Chinese PM Wen Jiabao, as well as on-going Czech discussions with North Korea. Fury provided an extensive overview of planned Czech engagement with countries in South and East Asia in 2006, indicating that the planned June Czech elections will not slow the pace of official travel involving PM Paroubek and senior Czech officials.

China

13. (C) The Chinese PM visited Prague Dec 8-9, 2005. The visit was designed to build on PM Paroubek's June 2005 trip

to China, which launched a sharp escalation in Czech-Chinese engagement (reflets). As expected, the Prague talks focused nearly exclusively on economic cooperation. Aside from the announcement of some small business deals, the big news from the visit -- the first by a Chinese PM to Prague since the Velvet Revolution -- was signature of a controversial investment agreement which, according to critics (including the Foreign Minister), is both overly preferential to the Chinese side and contravenes EU rules. According to Fury, Paroubek did not raise the human rights situation or IPR deficiencies in China, and neither side raised the EU arms embargo.

¶4. (C) Fury outlined a number of visits planned in the coming months. Speaker of Parliament Lubomir Zaoralek (CSSD) intends to visit China, as well as Hong Kong and Vietnam, in late January. Zaoralek's agenda was not yet settled. Press reports indicated Zaoralek was considering trying to include a stop in Tibet on his itinerary, as a way of highlighting the human rights situation, but Fury expected this would not win approval from Beijing, and Zaoralek subsequently stated this is unlikely. (Comment: Zaoralek, however, can be expected to keep human rights on his agenda in Beijing, although Paroubek is likely to urge him to treat the issue lightly.) Deputy FM Basta has been invited to Beijing, and FM Svoboda is also contemplating a trip before the June Czech elections (possibly to include stops in Japan, Mongolia and Kazakhstan). Fury complained that the pace of visits was out of proportion to the actual amount of government-to-government work to be accomplished.

India & Pakistan

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¶5. (C) The Czechs seek increased economic cooperation with India as well. PM Paroubek plans to travel to New Delhi and Calcutta the week of January 17, 2006. Paroubek will meet with Indian President and prominent Indian business leaders, and deliver a speech at a business conference. His visit follows a December trip to India by Czech President Klaus. According to Fury, Paroubek will not pursue any significant political topics during his visit, but (as in China) will focus almost exclusively on business. One topic likely to be raised is Indian interest in purchasing a version of the Czech-made VERA passive surveillance system. Fury said the Indian interest in the purchase is a result of Pakistan's intention to also acquire the technology (note: Czech officials had approached us in 2004 regarding a possible VERA-E sale to India; the USG did not indicate objections to the sale, but there appear to have been no active discussions on an actual deal since then).

¶6. (SBU) Fury noted that Deputy FM Tomas Pojar will also travel to India and Pakistan in coming months. Further on Pakistan, the Czechs plan to airlift 11 Pakistani children to Prague in January to provide medical treatment, mostly for traumatic injuries, that cannot be provided in Pakistan.

Cambodia, Burma & Vietnam

¶6. (C) Although the Czechs do not have a mission in Cambodia, the MFA plan to host a Chiefs of Mission Conference in Cambodia March 11-15 to celebrate the 50th anniversary of Czech-Cambodian diplomatic relations. Relations between the Czechs and the Cambodians are very cordial thanks to King Sihanouk, affectionately known in Prague as the Czech Prince8 because he is a fluent Czech speaker. Fury noted that he was interested in opening an embassy in Phnom Penh, but he doubted the MFA's budget would permit this. He added that the MFA is also engaged in an internal debate on the wisdom of opening an embassy in Rangoon, with the issue there

not so much money but the appropriate approach to take vis-a-vis the regime: to increase engagement with an embassy (which could facilitate Czech pro-democracy work), or continue to isolate the regime.

¶7. (C) Czech visitors to Vietnam this year are likely to include Speaker Zaoralek, Deputy FM Pojar, and Minister of Trade and Industry Milan Urban. Fury said there is an invitation outstanding for Vietnamese PM Phan Van Khai to visit Prague before the June elections.

Afghanistan

¶8. (C) Turning to Afghanistan, Fury said President Hamid Karzai is expected to visit Prague this year. Fury had no details on the visit, only that it was not likely to be tied to the upcoming London conference on Afghanistan (note: the Afghan Ambassador in Prague is closely related to President Karzai, and this is a likely impetus for the possible visit).

Fury noted that discussion was on-going within the MFA about how and when to reopen their embassy in Kabul, which was important given the level of Czech engagement there. While no decision has been taken on a permanent mission, the MFA recently sent a dedicated Afghan-watcher to its mission in Islamabad. Fury noted that in addition to the GOCR decision to return Czech Special Forces to Iraq this year (approved Jan 11 by the cabinet, but still subject to parliamentary approval), the MFA and MOD are actively debating leading a PRT in Afghanistan (details septel).

North Korean Workers & Relations

¶9. (C) CDA informed Fury that the U.S. press has reported that North Korean women are laboring in the Czech Republic under poor working and living conditions. The women allegedly pay more than half their wages to the North Korean government, and then starve themselves so they will have

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money for their families. CDA noted that the Embassy will be investigating the story and meeting with other Czech ministries, and urged the MFA to likewise investigate. Fury said he found the story disgusting and personally agreed that these sorts of labor contracts should not exist in the Czech Republic. Fury also said he would discuss the issue with the North Korean Ambassador during an upcoming meeting. At that meeting, Fury promised that the MFA would be raising the need for progress in the six-party talks, and investigating steps that the two governments could take to improve cooperation in previously agreed humanitarian areas -- for instance, movement on a Czech proposal to bring a North Korean children's choir to the CR. He added that Pyongyang was interested in having him visit for further talks, but he saw no need for a visit absent signs of progress on previous proposals.

Asia Strategy

¶10. (C) Fury admitted that one surprise in his few months on the job has been the lack of an agreed GOCR Asia "strategy." He would like to coordinate with the USG on development of such a document. We will follow-up with Fury on specific ideas (and provide publicly available USG documents) during a subsequent meeting.

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